



Result Update @ Dalal & Broacha

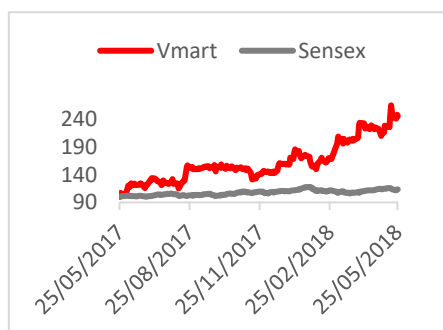
ACCUMULATE

| | |
|---------------|----------|
| Current Price | 2395 |
| 52 Week Range | 944/2515 |

Key Share Data

| | |
|---------------------------|----------|
| Market Cap (Rs.bn) | 433 |
| Market Cap (US\$ mn) | 6414 |
| No of o/s shares (mn) | 18.1 |
| Face Value | 10.0 |
| Monthly Avg. vol(BSE+NSE) | |
| Nos'000 | 28 |
| BSE Code | 534976 |
| NSE Code | VMART |
| Bloomberg | VMART IN |

Price performance



| % Shareholding | Mar-18 | Dec-17 |
|----------------|--------------|--------------|
| Promoters | 12.73 | 54.4 |
| Institutions | 34.06 | 34.06 |
| Others | 53.21 | 11.54 |
| Total | 100.0 | 100.0 |

V-mart Retail Ltd Q4FY18 Result is better than expectations. Q4FY18 SSS growth 7% on base of 34% YoY.

V-Mart posted revenue growth of 18% Y-o-Y to Rs. 2974mn on account of Store refurbishments, merchandise improvement, technology led supply chain and new product ranges.

EBIDTA increased by 55% Y-o-Y to Rs.231mn. EBIDTA margins stood at 7.8% as against 5.9% Y-o-Y (mainly on account of lower Raw Material Costs. Other Expenses to Revenues stood at 13.8% v/s 13.4% Y-o-Y.

Interest Cost decreased by 82% to Rs. 1.5mn v/s Rs. 8.6mn Y-o-Y.

Profit Before Tax grew by 79.7% Y-o-y to Rs. 175mn

V-mart posted PAT growth of 147% Y-o-Y to Rs. 159mn on back of lower Interest costs and tax adjustments. (Tax rate for the quarter stood at 9% v/s 34% Y-o-Y as it includes Rs 10.75 mn towards adjustment of tax expense for earlier years. Total Tax Rs 15.5mn v/s Rs 32.7mn YoY)

Other KTA's:

- 30 stores added during the year bringing total store count to 171. Highest number of store additions in a Financial Year till date.

- Major Focus in the Tier 3 and 4 segment, with 26 stores (+10 in Tier 3 and +16 in Tier 4) out of the 30 store additions.

- Total Retail space during the year increased by 20% Y-o-Y from 12 lacs Sq.ft to 14.4 lac Sq.ft. The company plans to increase it's total retail space by 17-20% each year for future years.

- Capex during the year stood at Rs. 500 mn. The company guided higher Capex in FY19 which would be funded internally.

-Footfall of the company grew 17% Y-o-Y from 63.4 lacs to 74 lacs.

-Included in MSCI global Small Cap index (since 15-May-2018)

-Awarded a skill development project under UP government: company has set-up a skill development Centre to train 1800 youth for 3 years and might absorb them for its future expansion.

-Appointed Ayushmann Khurrana and Bhumi Pednekar as the face of brand and a campaign featuring the two is underway.

-Company declared a final dividend of Rs.2 vs 1.25.

Valuation & Outlook

At CMP of Rs 2395, the stock is trading at 49x its FY19e EPS of Rs 48.5 and 40x its FY20e EPS of Rs 59.4. We Maintain **Accumulate**.



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STOCK BROKING PVT. LTD.

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| Particulars (Rs Mns) | Q4FY17 | Q4FY18 | FY17 | FY18 |
|--|-----------------|-----------------|-----------------|-----------------|
| Revenue from Operations | 2518.874 | 2973.596 | 10017.25 | 12223.73 |
| <i>Growth</i> | | 18.1% | | 22.0% |
| Other Income | 12.913 | 12.299 | 41.409 | 41.409 |
| Total | 2531.787 | 2985.895 | 10058.66 | 12265.14 |
| <i>Growth</i> | | 17.9% | | 21.9% |
| Expenses | | | | |
| cost of materials consumed | | | | 0 |
| Purchase of stock in trade | 2395.091 | 2418.034 | 7675.171 | 8682.044 |
| Changes in inventories of stock in trade | -559.514 | -335.49 | -647.484 | -379.36 |
| COGS | 1835.577 | 2082.544 | 7027.687 | 8302.684 |
| <i>% of sales</i> | 72.9% | 70.0% | 70.2% | 67.9% |
| <i>Growth</i> | | 13.5% | | 18.1% |
| Employee Benefit Expense | 195.923 | 250.602 | 782.795 | 983.902 |
| <i>% of sales</i> | 7.8% | 8.4% | 7.8% | 8.0% |
| <i>Growth</i> | | 27.9% | | 25.7% |
| Other Expenses | 338.437 | 409.624 | 1359.185 | 1609.274 |
| <i>% of sales</i> | 13.4% | 13.8% | 13.6% | 13.2% |
| <i>Growth</i> | | 21.0% | | 18.4% |
| Total | 2369.937 | 2742.77 | 9169.667 | 10895.86 |
| <i>% of sales</i> | 94.1% | 92.2% | 91.5% | 89.1% |
| <i>Growth</i> | | 15.7% | | 18.8% |
| EBITDA excluding other income | 148.937 | 230.826 | 847.583 | 1327.866 |
| EBIDTA MARGINS | 5.9% | 7.8% | 8.5% | 10.9% |
| <i>Growth</i> | | 55.0% | | 56.7% |
| EBITDA including other income | 161.85 | 243.125 | 888.992 | 1369.275 |
| <i>% of sales</i> | 6.4% | 8.1% | 8.8% | 11.2% |
| <i>Growth</i> | | 50.2% | | 54.0% |
| Depreciation | 56.074 | 66.914 | 185.532 | 229.304 |
| <i>Growth</i> | | 19.3% | | 23.6% |
| EBIT | 105.776 | 176.211 | 703.46 | 1139.971 |
| Finance costs | 8.597 | 1.545 | 35.242 | 15.285 |
| <i>Growth</i> | | -82.0% | | -56.6% |
| PBT | 97.179 | 174.666 | 668.218 | 1124.686 |
| <i>% of sales</i> | 4% | 6% | 7% | 9% |
| <i>Growth</i> | | 79.7% | | 68.3% |
| prior period income/(expense) (net) | 0 | 0 | 0 | 0 |
| PBT | 97.179 | 174.666 | 668.218 | 1124.686 |
| Tax Expense | | | | 0 |
| Current tax | 33.693 | 23.203 | 234.23 | 362.563 |
| Deferred tax | -0.954 | -7.684 | -5.044 | -14.934 |
| Total | 32.739 | 15.519 | 229.186 | 347.629 |
| Tax Rate | 34% | 9% | 34% | 31% |
| PAT | 64.44 | 159.15 | 439.03 | 777.06 |
| NPM | 2.5% | 5.3% | | |
| <i>Growth</i> | | 147.0% | | |
| Extraordinary item | 0.00 | 0.00 | 0.00 | 0 |
| Other Comprehensive Income | 0.265 | 4.632 | 1.626 | 2.872 |
| Total Comprehensive Income | 64.70 | 163.78 | 440.66 | 779.93 |
| Equity | 180.68 | 180.97 | 180.67 | 180.97 |
| Face Value | 10 | 10 | 10 | 10 |
| Number of Shares | 18.068 | 18.097 | 18.07 | 18.10 |
| Basic EPS | 3.57 | 8.79 | 24.30 | 42.94 |
| Dilluted EPS | 3.57 | 8.79 | 21.8758 | 42.93749 |



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| P&L (Rs mn) | FY16 | FY17 | FY18 | FY19E | FY20E | Cash Flow St. (Rs. mn) | FY16 | FY17 | FY18 | FY19E | FY20E |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net Sales | 8,092.6 | 10,017.3 | 12,223.7 | 14,435.6 | 17,047.7 | Net Profit | 276.3 | 395.2 | 777.1 | 877.9 | 1,074.3 |
| Cost of sales | (7,474.2) | (9,191.5) | (10,895.9) | (12,925.0) | (15,235.3) | Add: Dep. & Amort. | 190.1 | 220.2 | 229.3 | 268.3 | 313.9 |
| Operating Profit | 618.3 | 825.8 | 1,327.9 | 1,510.6 | 1,812.4 | Cash profits | 466.5 | 615.4 | 1,006.4 | 1,146.2 | 1,388.2 |
| Depreciation | (190.1) | (220.2) | (229.3) | (268.3) | (313.9) | (Inc)/Dec in | | | | | |
| PBIT | 428.2 | 605.6 | 1,098.6 | 1,242.3 | 1,498.5 | -Sundry debtors | - | - | - | - | - |
| Other income | 11.7 | 30.9 | 41.4 | 45.3 | 73.7 | -Inventories | (212.2) | (647.5) | (379.4) | (555.7) | (656.3) |
| Interest | (31.2) | (35.2) | (15.3) | (15.3) | (15.3) | -Loans/advances | (40.5) | 43.8 | (6.6) | (24.2) | (28.0) |
| Profit before tax | 408.8 | 601.2 | 1,124.7 | 1,272.3 | 1,556.9 | '-Current Liab and Provisions | 317.0 | 676.6 | 89.1 | 369.2 | 432.0 |
| Exceptional and Extra Ordinary | 14.4 | - | - | - | - | '- Other Non Current Assets | (0.3) | 0.7 | (102.4) | (10.3) | (11.3) |
| PBT (Post Extra Ordinary) | 423.1 | 601.2 | 1,124.7 | 1,272.3 | 1,556.9 | Change in working capital | 63.9 | 73.6 | (399.3) | (221.0) | (263.6) |
| Provision for tax | (146.8) | (206.0) | (347.6) | (394.4) | (482.6) | CF from Oper. activities | 530.4 | 689.0 | 607.1 | 925.2 | 1,124.6 |
| Reported PAT | 276.3 | 395.2 | 777.1 | 877.9 | 1,074.3 | CF from Inv. activities | (434.4) | (760.9) | (61.3) | (532.7) | (489.9) |
| MI | - | - | - | - | - | CF from Fin. activities | (86.7) | 58.3 | (379.0) | (52.7) | (53.7) |
| Adjusted PAT | 266.9 | 395.2 | 777.1 | 877.9 | 1,074.3 | Cash generated/(utilised) | 9.2 | (13.6) | 166.7 | 339.8 | 581.0 |
| | | | | | | Cash at start of the year | 33.6 | 42.8 | 29.2 | 195.9 | 535.7 |
| | | | | | | Cash at end of the year | 42.8 | 29.2 | 195.9 | 535.7 | 1,116.7 |
| | | | | | | | | | | | |
| Balance Sheet | FY16 | FY17 | FY18 | FY19E | FY20E | Ratios | FY16 | FY17 | FY18 | FY19E | FY20E |
| Equity capital | 180.7 | 180.7 | 181.0 | 181.0 | 181.0 | OPM | 7.6 | 8.2 | 10.9 | 10.5 | 10.6 |
| Reserves | 2,126.5 | 2,522.7 | 3,293.4 | 4,118.7 | 5,139.2 | NPM | 3.3 | 3.9 | 6.3 | 6.1 | 6.3 |
| Net worth | 2,307.2 | 2,703.4 | 3,474.4 | 4,299.7 | 5,320.2 | Tax rate | (35.9) | (34.3) | (30.9) | (31.0) | (31.0) |
| Non Current Liabilities | 105.2 | 153.6 | 84.0 | 91.8 | 101.1 | Growth Ratios (%) | | | | | |
| Current Liabilities | 1,419.6 | 2,133.4 | 1,940.7 | 2,302.0 | 2,724.6 | Net Sales | 12.4 | 23.8 | 22.0 | 18.1 | 18.1 |
| CAPITAL EMPLOYED | 3,832.0 | 4,990.3 | 5,499.0 | 6,693.4 | 8,146.0 | Operating Profit | (2.9) | 33.5 | 60.8 | 13.8 | 20.0 |
| Non Current Assets | 1,467.4 | 1,616.3 | 1,710.0 | 1,871.4 | 2,059.8 | PBIT | (27.6) | 41.4 | 81.4 | 13.1 | 20.6 |
| Fixed Assets | 1,126.5 | 1,314.7 | 1,482.6 | 1,633.2 | 1,809.2 | PAT | (30.8) | 48.1 | 96.6 | 13.0 | 22.4 |
| Non Current Investments | 130.3 | 57.6 | 63.4 | 63.4 | 63.4 | Per Share (Rs.) | | | | | |
| Deferred Tax Asset | 42.2 | 70.4 | 92.0 | 92.0 | 92.0 | Net Earnings (EPS) | 14.8 | 21.9 | 42.9 | 48.5 | 59.4 |
| Long Term Loans and Advances | 168.4 | 173.5 | 72.0 | 82.7 | 95.2 | Cash Earnings (CPS) | 25.3 | 34.1 | 55.6 | 63.3 | 76.7 |
| Other NON Current Assets | 1.0 | 0.3 | 102.7 | 113.0 | 124.3 | Dividend | - | 1.3 | 1.3 | 2.0 | 2.4 |
| Current Assets | 2,363.6 | 3,373.8 | 3,686.4 | 4,709.1 | 5,961.9 | Book Value | 127.7 | 149.6 | 192.0 | 237.6 | 294.0 |
| Current investments | 193.4 | 618.6 | 276.9 | 390.7 | 390.7 | Free Cash Flow | 5.3 | (4.0) | 30.2 | 21.7 | 35.1 |
| Inventories | 2,044.3 | 2,691.8 | 3,071.1 | 3,626.8 | 4,283.1 | Valuation Ratios | | | | | |
| Trade Receivables | - | - | - | - | - | P/E(x) | 156.7 | 105.8 | 53.9 | 47.7 | 39.0 |
| Cash and Bank Balances | 42.8 | 29.2 | 195.9 | 535.7 | 1,116.7 | P/B(x) | 18.1 | 15.5 | 12.1 | 9.7 | 7.9 |
| Short Term Loans and Advances | 82.3 | 34.1 | 0.8 | - | - | EV/EBIDTA(x) | 68.0 | 51.0 | 31.4 | 27.4 | 22.5 |
| Other Current Assets | 1.0 | 0.1 | 141.7 | 155.9 | 171.5 | Div. Yield(%) | - | 0.1 | 0.1 | 0.1 | 0.1 |
| CAPITAL DEPLOYED | 3,832.0 | 4,990.3 | 5,499.0 | 6,693.4 | 8,146.0 | FCF Yield(%) | 0.2 | (0.2) | 1.3 | 0.9 | 1.5 |
| | | | | | | Return Ratios (%) | | | | | |
| | | | | | | ROE | 11.6 | 14.6 | 22.4 | 20.4 | 20.2 |
| | | | | | | ROCE | 16.6 | 19.8 | 31.6 | 28.9 | 28.1 |



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